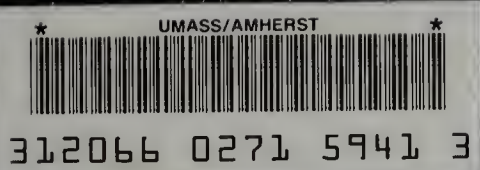
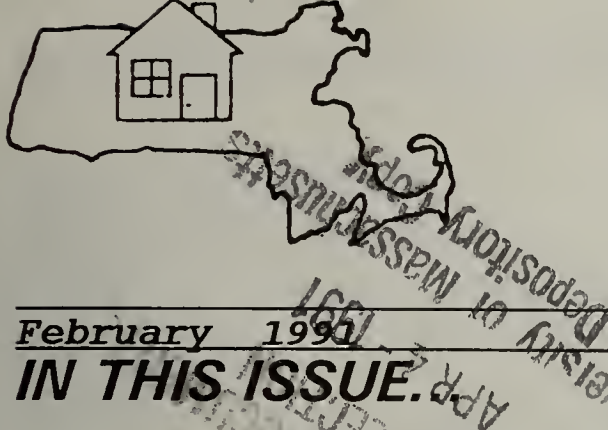


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MASSACHUSETTS HOUSING REPORT

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IN THIS ISSUE.

EOCD PRESERVES SINGLE ROOM OCCUPANCY HERITAGE

The supply of SRO housing in Massachusetts has dwindled to a fraction of the 50,000 or more units present a half century ago. In January 1990, Chapter 671 was signed into law. The law imposes a moratorium on the destruction or conversion of SRO units, and requires communities to preserve SROs. The law made EOCD responsible for submitting a statewide plan for preservation to the legislature, and an SRO inventory. The inventory showed that the state lost 10 percent of its SRO units since 1985, the greatest loss being in Boston, 36 percent. EOCD has assisted the development of most of the recent SRO projects in Massachusetts.

BUILDING FOUNDATIONS: HOUSING AND FEDERAL POLICY

Building Foundations: Housing and Federal Policy sets four housing policies (targeting, housing stock preservation, program design, and public partnerships) against the backdrop of the concerns and recommendations of three housing commissions, of 1968, 1982, and 1988. The issues of the physical adequacy of low income housing, its affordability, and its insufficient supply, are analyzed in three of the book's chapters that are reviewed.

MASSACHUSETTS HOUSING MARKETS

Home prices in Massachusetts finally yielded in late 1990. In December, the median house price was 11 percent lower, and the median condo price, 15 percent lower than in December of 1989. While sales continued to fall, the rate of condo sales reduction slowed toward the end of 1990. Housing starts fell over 30 percent from April to November, and building permits were 35 percent less in December 1990 than in December 1989. The Boston area CPI was 5.8 percent higher in 1990 than in 1989, but the cost of housing rose less rapidly, by only 3.1 percent. The Massachusetts unemployment rate reached a staggering nine percent in January 1991, up four percentage points from just one year ago. The U.S. unemployment rate, by contrast, reached only seven percent in January, up only 1.1 percentage points.

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MASSACHUSETTS HOUSING REPORT

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Office of Management and Fiscal Services
Mildred Rein and Miriam Colón, Editors

EOCD PRESERVES MASSACHUSETTS' SINGLE ROOM OCCUPANCY HERITAGE

Single room occupancy (SRO) housing has been an important part of the Commonwealth's residential stock for over 200 years. Lodging houses, rooming houses, boarding houses, and residential hotels have provided affordable dwellings to single working people, particularly in mill towns and seacoast communities.

A typical SRO is a lodging house. Lodging houses are licensed by municipal government in accordance with Chapter 140 of the *Massachusetts General Laws*. A typical lodging house has one private, furnished sleeping/living room for each resident, shared bathroom facilities, and, possibly, a shared kitchen or limited cooking facilities in the private rooms. Chapter 671 (see below) defines an SRO simply as a dwelling unit which does not have complete private bath and cooking facilities.

The supply of SRO housing has dwindled to a fraction of the fifty thousand or more units present half a century ago. Yet SRO housing is not a relic of the industrial revolution or the whaling fleets. In over 100 Massachusetts cities and towns, SRO housing remains an important resource.

As many as 100,000 to 200,000 Massachusetts residents may benefit from SRO housing. This estimate includes low-income single working persons, retirees, and persons with special needs. Single-person households comprise a substantial portion of households in the Commonwealth. Out of two million households, 495,677 (24 percent) are single-person households. Approximately 60 percent of single-person

households are 60 years or older. Nearly 20 percent of elderly single persons have low incomes.

SRO housing may benefit low-income individuals in any of several *special needs populations*. There are an estimated 5,500 homeless individuals in shelters in Massachusetts. Approximately 60,000 developmentally disabled persons require supportive services and affordable housing. There are approximately 22,000 seriously mentally ill individuals who require both publicly-assisted housing and supportive services. And there are over 1,500 persons living with AIDS in Massachusetts, with another 30,000 persons infected with HIV and likely to develop AIDS.

In January 1990 a special act of the legislature was signed into law. *Chapter 671 of the Acts of 1989* imposed a moratorium on the demolition, alteration, or conversion of SRO units. It required municipalities to conduct an inventory of SRO properties and to adopt plans for SRO preservation. This law will expire on July 9, 1991. Chapter 671 assigned three responsibilities to the Executive Office of Communities and Development: (1) assist cities and towns in the inventory of SRO properties, (2) collect notices from non-profit organizations claiming an exemption from the moratorium and (3) submit a statewide SRO preservation plan to the state legislature. On December 28, 1990, EOCD submitted the plan to the Joint Committee on Housing and Urban Affairs.

SRO Preservation Law

Chapter 671 makes the following acts illegal: converting or altering an SRO unit to contain both bathroom and kitchen facilities; converting or altering an SRO unit for use other than as an SRO dwelling

unit; reducing the number of SRO dwelling units in a building by combining two or more units; demolishing or structurally gutting any SRO dwelling unit; and changing the management of an SRO unit in a way that alters its use.

Chapter 671 exempts tax-exempt, non-profit institutions which operate SROs from the prohibitions in the Act, and permits some municipalities to adopt their own, alternative SRO preservation ordinances or by-laws. A local, permanent ordinance or by-law takes precedence over the state's special SRO preservation law.

Statewide SRO Inventory

Massachusetts SRO Inventory, 1990

<u>County</u>	<u>Properties</u>	<u>Units</u>
Barnstable	91	694
Berkshire	34	380
Bristol	107	1,418
Dukes	4	27
Essex	111	2,399
Franklin	6	27
Hampden	40	257
Hampshire	8	279
Middlesex	202	3,057
Norfolk	89	191
Plymouth	57	1,124
Suffolk	140	2,219
Worcester	190	2,689
Statewide	1,079	14,761

During the Summer of 1990, EOCD conducted an "SRO Inventory Survey" of Massachusetts cities and towns. EOCD's questionnaire asked municipal officials for SRO property and unit counts for 1985 and 1990, and about pending plans for SRO development or demolition. The Commonwealth's largest cities and towns were sent a more detailed supplemental set

of questions on their SRO stock and SRO resident population.

In 1990 there were over 1,000 SRO properties in Massachusetts, with roughly 15,000 SRO dwelling units. Across the Commonwealth, 109 cities and towns have SRO properties. Most cities or towns with SRO housing have five or fewer SRO properties (70 percent). Only 23 Massachusetts cities or towns have more than 10 SROs.

Change in the SRO Stock

Out of the 269 respondents to EOCD's survey, 248 municipalities provided 1990 and 1985 SRO property and unit counts, but not all had SROs in both years. They reported 944 SRO properties and 13,830 SRO units in 1985, and 841 properties and 12,455 units in 1990. On the basis of EOCD's survey, it was determined that Massachusetts experienced an 11 percent loss of SRO properties and a 10 percent loss in SRO units between 1985 and 1990.

Despite these overall losses, most small and mid-sized cities and towns reported the same number of SRO properties and units in 1990 as in 1985.

<u>Municipalities</u>			
Reporting:	Increases	Decreases	Same
Properties	16	58	17
SRO Units	23	45	16

The most precipitous recent loss was reported by the Public Facilities Department (PFD) for the City of Boston. During the 1920s, Boston had a stock of 35,000 SRO units. In 1985 Boston had 3,100 SRO units. By 1990 the number was down to 2,000.

The number of SROs has dwindled as a result of market and other events. The U.S. Housing Act of 1937 permitted HUD to initiate the demolition of SRO buildings because they were considered "substandard" in regard to space and lack of cooking facilities. Urban renewal projects in the 1960s further destroyed many of these units. The push towards gentrification and the increasing value of land and real estate in more recent times, did away with many more such buildings through demolition and conversion.

Efforts are underway to preserve existing or develop new SROs in 14 Massachusetts cities and towns. Boston has launched the *Room for More* campaign, an effort to add 1,000 SRO units to the city's inventory of licensed SROs. Northampton has established an SRO development corporation and has targeted existing sites for preservation and improvement. Other SRO efforts are being undertaken in Barnstable, Bourne, Chicopee, East Bridgewater, Framingham, Greenfield, Hudson, New Bedford, Somerville, Tisbury, Truro, Westfield, and Worcester.

Regional Concentration Of SRO Inventory

Not surprisingly, most SRO housing in Massachusetts is located in metropolitan areas and seacoast towns. Historically, SRO housing in America has served single persons working in manufacturing, timber harvesting, fishing, and the merchant fleet. It is still common for small industrial towns to have SRO housing near millsites.

SRO housing in the Commonwealth is concentrated in the Boston area. Boston, Brookline, Cambridge, Chelsea, Quincy, and Waltham have over 290 SRO properties with over 4,000 units. Overall, the Boston area has 358 SRO properties.

Cape Cod has a substantial concentration of SRO housing. Barnstable, Bourne, Brewster, Falmouth, Orleans, Truro, and Yarmouth have 93 SRO properties and 705 units collectively. The Salem-Gloucester metropolitan area has 44 properties and 590 units. The Springfield area has SRO housing in Chicopee, Easthampton, Ludlow, Northampton, Southwick, Springfield, and Westfield with a total of 44 SRO properties and 614 SRO units. The Worcester area (Grafton, Westborough, and Worcester) has 155 properties and over 2,100 units.

EOCD Assistance to SRO Housing

EOCD has provided planning and financial assistance to most of the recent SRO development projects in Massachusetts. EOCD has awarded Challenge Grants to develop SRO plans in Boston and Northampton and has provided technical information to over 250 Massachusetts cities and towns with respect to Chapter 671, the SRO preservation law. Since 1975 EOCD has approved the use of project-based Chapter 707 rental assistance and Chapter 707 moderate rehabilitation for SRO housing. Chapter 707 has been committed in 32 SRO projects with 587 units.

Three EOCD *private housing* programs have committed funds to SRO housing. Massachusetts' principal mixed-income housing subsidy program, State Housing Assistance for Rental Housing Production (SHARP), was used in the restoration of the Aurora Hotel in Worcester and the Hotel Waverly in New Bedford. The Housing Innovations Fund (HIF) has committed long-term, deferred payment loans to 29 SRO projects with 759 units. In addition, federal Low Income Housing Tax Credits have been committed to nine SRO developments.

Two *public housing* programs may be used for SRO development. Chapter 667 Housing for Persons with Disabilities was designed "to fund pilot developments to address the housing needs of persons who can live independently when their housing is linked to limited support services." Chapter 689 Special Needs Housing has been used for publicly-owned SRO developments in Barnstable and Malden.

-- Mark Matulef

MASSACHUSETTS POPULATION*, 1990 CENSUS

County	1990	1980	%Change
Barnstable	186,605	147,925	+ 26.1
Berkshire	139,352	145,110	- 4.0
Bristol	506,325	474,641	+ 6.7
Dukes	11,639	8,942	+ 30.2
Essex	670,080	633,688	+ 5.7
Franklin	70,092	64,317	+ 9.0
Hampden	456,310	443,018	+ 3.0
Hampshire	146,568	138,813	+ 5.6
Middlesex	1,398,468	1,367,034	+ 2.3
Nantucket	6,012	5,087	+ 18.2
Norfolk	616,087	606,587	+ 1.6
Plymouth	435,276	405,437	+ 7.4
Suffolk	663,906	650,142	+ 2.1
Worcester	709,705	646,352	+ 9.8
State	6,016,425	5,737,093	+ 4.9

*subject to possible correction.

DECLINE IN HOME OWNERSHIP

Homeownership in Massachusetts has been steadily declining. In 1984, 62 percent of households owned their homes, but by 1989, it was down to 59 percent. The decrease is particularly significant for young households. Drastic reductions in home sales went along with this decline. The number of home sales went from 113,606 in 1987 to 68,456 in 1990, a huge 40 percent drop.

A major reason for the decline in ownership has been rising home prices. In Boston, house prices rose from \$87,587 in 1980 to \$182,017 in 1987 (in 1989 dollars), -- an increase of 108 percent! The C.P.I. Homeowner Index indicates the costs of owning a home have risen steadily from 1984 to 1990 by almost 50 percent. In addition, the number of new households formed each year, has slowed, leading to less of a demand for owning homes.

But, within the past two years, it appears that there may be some hope for the expansion of homeownership. Prices have moderated, the median-priced home in Massachusetts being 14 percent lower in 1990 than in 1988, in real terms.

The price of a home (in real terms) in the City of Boston has also dropped 13 percent between the two years. Home mortgage interest rates have moderated recently and are somewhat lower this year than last. Also, incomes have risen. In the Boston PMSA, the median income has risen about five percent in real terms in the last three years.

In spite of these positive signs, about \$60,000 in annual income is still needed to purchase the median-priced home in Massachusetts, a figure far beyond the means of many households. Studies have shown that acquiring enough money for a downpayment, presents a barrier for young households that may be even greater than the ongoing costs of home ownership. These potential first-time homebuyer households are then forced to remain in rental housing thus also forcing up the level of rents.

Sources: Banker and Tradesman, Trendlines Report; William C. Apgar, The State of the Nation's Housing 1990; U.S. Dep't of HUD; "Memorandum: Income Limits...;" U.S. Dep't. of Commerce, Commerce News, December 21, 1990.

REPORT ON:

***BUILDING FOUNDATIONS:
HOUSING AND FEDERAL POLICY***

Building Foundations: Housing and Federal Policy (University of Pennsylvania Press, Philadelphia, 1990), edited by Denise DiPasquale and Langley C. Keyes, will be reported on here; three chapters are reviewed. In the first chapter, "Housing Policy for the 1990s," Keyes and DiPasquale set the overview for the book by raising four policy issues for the 1990s: targeting federal resources (in an era of scarce resources, who shall get housing among the population?); the role of existing stock (how do we preserve the private, subsidized and public low-income housing stock?); institution building and program design (what are the roles for the federal, state, and local governments, the non-profit and private sectors in housing delivery?); and public partnership (how can housing programs be related to other federal policies such as tax incentives, welfare assistance, and supportive services?).

These issues are examined in the chapters of the book, and are reflected in the concerns of three housing commissions. President Johnson's Committee on Urban Housing, the first, was known as the Kaiser Commission. Its report, "A Decent Home" (1968) had as its goal the construction or rehabilitation of six million low income housing units by 1978. Although public/private partnerships were encouraged, if they failed to produce these units, the federal government alone would become "the houser of last resort." At this time, federal policy was concerned with the physical adequacy of low income housing. The answer was to rehabilitate those worth doing, clear the rest, and build enough new units of adequate quality. A

huge federal public housing program of construction and rehabilitation would be undertaken.

The report of President Reagan's Commission on Housing (1982) took a totally different view about who was responsible for providing housing for the poor. Federal programs, it said, were not a solution, and in fact, were partly responsible for "deterioration rather than renewal" in housing markets. This Commission left it to the "genius of the market economy" to solve housing problems and to loosen the constraints of public regulation and policies. It was a problem not of adequacy, but of affordability. Instead of massive rehabilitation and construction, the federal government would supplement incomes so that the poor could afford market units. The Section 8 certificate program would be the answer.

The report of the third, most recent National Housing Task Force (the Rouse/Maxwell Task Force), "A Decent Place to Live," was published in 1988. This group saw the housing problem as one of insufficient supply of affordable housing. There has been a loss of private low rent units as a result of gentrification, condo conversion, demolition, and expiring affordable use. Public housing, too, is in jeopardy because of its aging and deteriorating condition. The solution is a collaboration of the federal government with state and local governments and with private and non-profit sources to create "a new wave" of housing initiatives. Federal funds are to be used to *leverage* other resources, both public and private. By the year 2000, *all* Americans should have access to "fit, livable, and affordable housing."

This focus first on housing condition, then housing affordability, then housing supply,

is reflected in both the type of programs that were implemented and the delivery systems employed. The supply side strategies of the Kaiser Commission (housing condition) called for the production of housing and the federal government as supplier with some help from the private sector. Reagan's Commission on Housing (affordability) responded to the demand side by recommending rental certificate subsidies and market involvement. The recent Rouse/Maxwell Task Force (supply) would use reduced federal funds to combine with public, private, and for the first time, state and local resources to deliver rental subsidies and other solutions fashioned at the community level.

John C. Weicher, in Chapter 10 "The Voucher/Production Debate," discusses the new construction/existing housing subsidy debate that has been going on for almost twenty years in the federal effort to help the poor to acquire better housing.

In federal housing policy, new construction, the initiative that responds to adequacy and supply issues, had been the sole strategy until the mid-sixties, and has been the main strategy until recently. Programs that use existing housing are sensitive to affordability, have been growing since Section 8 was instituted in 1974, and have been the basic policy since 1983. New construction includes public housing and subsidized housing, while existing housing, in this case, refers to Sec.8 tenant-based certificates and vouchers.

Weicher points out some of the issues that are raised in this debate and uses empirical data, where available, to attempt to resolve them. One issue is participation. Congress has always been concerned that the existing housing strategy, i.e., certificates, would not induce the poor to move to better housing,

or that they would not be able to find better housing in spite of having certificates. The 1982 President's Commission on Housing found that among Section 8 certificate holders, "less than one-half of all households that qualified were able to find satisfactory housing." However, the latest evidence from the current Abt Associates voucher demonstration study, shows the success rate by 1986 at 60 percent for certificates, and even higher for vouchers.

Weicher suggests that participation in new public housing depends on the condition of the housing people are living in. Since the elderly, small families, and families with no children, tend to have better housing initially and are therefore less willing to move, certificates are more appropriate to them. Minority households and large households, that have less adequate housing and are more willing to move, are better off with new construction.

Another issue is rent inflation. The fear has been, in relation to certificates, that given tenants whose rent is subsidized, landlords will raise rents without improving housing. After examining three certificate housing programs, Weicher finds that either there had been no rent increase or that rent increases were minimal. In the Abt voucher demonstration, evidence shows that more than half the households that did not move had small increases or actual decreases in rent. Rent inflation is, therefore, an unfounded fear, according to Weicher.

Still another issue in the voucher/production debate, is the extent to which each method increases the housing stock. Although rent subsidies were expected, in theory, to encourage private developers to build housing to absorb them, in practice, this did not happen. New housing logically should increase housing stock, but according

to Weicher, new construction can displace intended market housing production. Two studies of subsidized housing projects in the sixties and seventies showed that "virtually all starts under these programs merely replaced unsubsidized starts, because they drew mortgage funds from private lenders who would otherwise have invested in conventional mortgages." The case of public housing was more encouraging. One study showed that three-quarters of the units increased the housing stock (one-quarter displaced private housing). However, after a ten year period, the replacement rate reached 100 percent. Still, for ten years, housing stock was increased.

Weicher's overall conclusion is that both vouchers and production have their problems and their benefits; neither is sufficient alone, and both provide poor people with better housing in about equal amounts.

William C. Apgar, Jr. responds to the issue of affordability in Chapter 2: "The Nation's Housing: A Review of Past Trends and Future Prospects for Housing in America." Apgar's thesis is that the cost of both owning and renting a home has far outstripped the ability of low and moderate income households to bear it.

Apgar points out that the after-tax costs of owning and operating a single family home (\$7,980 annually), is higher than the average cost in the 1960s and early 1970s. Renter costs, too, have risen. Although rent increases have slowed modestly in the last few years, since 1981, rents have increased 16.6 percent faster than the rate of inflation, and are now at their highest level in twenty years.

Apgar also demonstrates that there has been a trend to less household formation and that

the income of younger households has fallen. Due mainly to the growth of single parent households, young households now have lower incomes in real terms than they did in 1974. As a result of these factors, and because housing prices are higher, there has been a decline in homeownership for young households. Since potential first-time homebuyers continue to rent rather than buy, this also creates an upward pressure on rent levels.

At the same time, the low rent housing stock is declining due to deterioration and conversion to luxury housing. The number of units renting for less than \$300 per month (in 1988 dollars), dropped 1.6 million between 1974 and 1985. The number renting for over \$500 rose 5.7 million.

This combination of factors has led to a situation where "the nation faces a set of distinct, yet decidedly interconnected housing problems stemming from the combination of lagging income growth and continued high housing costs."

Keyes and DiPasquale, Weicher, and Apgar have shed some light on the problems that the three housing commissions have highlighted, - adequacy, affordability, and availability. Focusing on the current situation, Weicher notes that the problem of the physical adequacy of low income housing appears to have diminished, while affordability has become more serious. The American Housing Survey of 1987 documents that only 15 percent of very low income renters live in inadequate housing, while 60 percent pay more than 30 percent of income in rent. Apgar shows that home prices are higher, incomes are lower, and the low rent housing supply is shrinking, thus putting additional pressure on housing affordability.

-- Mildred Rein

MASSACHUSETTS HOUSING MARKET ROUNDUP

HOME SALES AND PRICES: Table 1 and Table 2

Home Prices Lower In Late 1990. Condo Sales Reduction Is Slowed.

House sales in Massachusetts were down 21 percent in December from December 1989, but the drop in condominium sales was less at 18 percent. For the year, house and condo sales were 18 and 26 percent lower respectively in 1990, about the same reduction as between 1988 and 1989. The rate of condo sales reduction slowed toward the end of 1990, with condo sales *up* substantially in five counties in December. This may be the beginning of a trend. All home sales decreased significantly more this year than last in Berkshire County and in Franklin and Hampshire Counties, showing that the western part of the state is taking the greatest reductions. Sales actually increased in December in some resort areas, six percent in Dukes County and as much as 138 percent in Nantucket County.

Home prices in Massachusetts finally dropped in the latter part of 1990. In December 1990, the median price of houses was \$134,000,-- 11 percent lower, and of condominiums, \$100,000,-- 15 percent lower than in December 1989. For the year, *all* home prices dropped about five percent,-- from \$147,000 in 1989 to \$140,000. (By contrast, 1989 saw no decrease from the 1988 median price.) Home prices went down the most in December (over December 1989) in Berkshire, Bristol, Dukes, and Hampshire Counties. Condominium prices rose in Barnstable County (28 percent) and in Berkshire County (29 percent). Statewide, condo prices went down more than house prices (15 percent as opposed to 11 percent), and condominium sales went down less (18

percent compared to 21 percent for houses), indicating a possible relationship between lower prices and increased sales.

INTEREST RATES: Table 3

Upward Trend In Massachusetts Contrary To U.S. Trend

Recent effective interest rates in Massachusetts went up slightly in both October and November. Rates in the Boston area for existing homes rose .26 percentage points. The United States rates, on the contrary, show a downward trend overall since September. Since August, the U.S. rate for all loans dropped as much as .24 points, illustrating the general trend to lower interest rates, while in Massachusetts, it rose. However, the Massachusetts rate is lower than it was in November of last year.

EMPLOYMENT/UNEMPLOYMENT: Table 4

Unemployment Rate Sky High In January

The Massachusetts unemployment rate reached a staggering nine percent (not seasonally adjusted) in January of 1991,-- up four percentage points from just one year ago. The U.S. rate also increased during the period, but to a much lower seven percent and only by 1.1 points. In Massachusetts, each month since October 1990, when compared to the same month in 1989, has brought a greater increase in unemployment: in October, 58,000 more persons were unemployed; in November, 78,000 more were unemployed; in December, 87,000 more were unemployed, and in January 1991, 123,000 more persons were unemployed than in January 1990.

CONSUMER PRICES: Table 5

The CPI Rises In Boston Area, But Cost Of Housing Is Rising Less Rapidly

The Consumer Price Index rose again in the Boston area 5.7 percent in January 1991 over a year ago, but less than in November when it climbed seven percent over the previous November. For the year 1990, the CPI was 5.8 percent higher than in 1989, while in 1989, it rose about the same amount, -- 5.7 percent from the 1988 index. The United States CPI saw an increase of 5.4 percent this year, as opposed to a lower 4.8 percent rise between 1988 and 1989.

The cost of housing in the Boston area is rising less rapidly than in the past, and substantially less than the CPI. Both renter costs and homeowner costs increased by only 3.1 percent in 1990. (In 1989, both renter costs and homeowner costs rose about seven percent.) By contrast, the CPI this year increased 5.8 percent. This may reflect the lowered home prices in recent months which also put a downward pressure on rents.

HOUSING STARTS: Table 6

Massachusetts Starts Rise 12.6 Percent In October

Housing starts in Massachusetts actually rose in October by 1500 units or 12.6 percent, but fell slightly in November. New England starts experienced this rise in November at 7.4 percent. However, housing starts have fallen over 30 percent in Massachusetts and 20 percent in New England since April. Nationally, starts rose 8.5 percent in November, but fell 7.0 percent since April. Overall, in Massachusetts and New England, housing starts decreased at a faster pace than nationally, showing the comparative effects of the region's recessionary economy.

MASSACHUSETTS BUILDING PERMITS: Table 7

Permits Fall Almost Twenty Percent In 1990

Building permits in Massachusetts fell 35 percent in December over the same month a year ago. Permits were down from the same month last year in all the preceding months except October, when they were almost even. The October anomaly was caused by the increase in multifamily home building. For the year, there were 19 percent less permits issued, but multifamily permits were down by as much as 48 percent. The multifamily spurt in October may have been a result of this diminished initiative in the previous months. The number of building permits in the nation fell 18 percent for the year from the 1989 number. The greatest reduction was in the category of multifamily homes, - down 26 percent.

-- Mildred Rein

The recently passed 1990 National Affordable Housing Act imposes new planning requirements on states and localities as a condition for receiving new housing production funds. The Act creates the HOME Investment Partnership Program. To receive a HOME allocation and most other HUD funds, a state or locality must prepare a five year housing strategy. This should include the following: housing needs, categories of residents, degree of homelessness, housing markets, housing policies, institutional structure, available resources, state-local coordination, and standards and procedures for monitoring.

Table 1
RESIDENTIAL SALES AND PRICES BY MASSACHUSETTS COUNTY

	Number of Sales				Median Sales Price	
	Dec. 1989	Dec. 1990	Year 1989	Year 1990	Dec. 1989	Dec. 1990
<u>All Sales (1)</u>						
Barnstable	500	365	5,518	4,735	\$135,000	\$120,000
Berkshire	161	113	2,114	1,487	124,000	107,000
Bristol	543	477	6,792	5,471	129,900	109,000
Dukes	36	38	408	382	225,000	168,000
Essex	754	404	9,253	7,105	151,990	140,000
Franklin	77	65	954	703	109,900	97,000
Hampden	454	344	5,772	4,322	115,300	105,900
Hampshire	151	111	1,917	1,576	122,500	105,000
Middlesex	1,437	1,263	17,585	14,778	167,000	150,000
Nantucket	16	38	308	306	230,000	200,000
Norfolk	733	624	9,105	7,952	160,000	149,900
Plymouth	610	469	7,362	6,377	137,900	127,000
Suffolk	542	393	7,373	5,610	149,000	130,000
Worcester	712	657	9,333	7,646	125,000	115,000
MASSACHUSETTS	6,726	5,362	83,794	68,456	142,500	127,000
<u>Residential (2)</u>						
Barnstable	431	317	4,772	4,122	140,000	120,000
Berkshire	143	105	1,947	1,399	123,500	105,000
Bristol	479	367	5,835	4,709	133,500	119,900
Dukes	32	38	383	371	185,000	168,000
Essex	584	348	7,163	5,829	161,000	145,000
Franklin	73	62	894	657	107,000	97,000
Hampden	407	301	5,083	3,869	118,500	106,000
Hampshire	136	91	1,689	1,301	125,000	108,500
Middlesex	1,052	940	13,337	11,535	182,000	165,000
Nantucket	15	36	295	289	230,000	195,000
Norfolk	611	480	7,254	6,493	166,500	155,000
Plymouth	531	425	6,486	5,643	142,500	130,000
Suffolk	318	227	3,734	3,050	159,000	142,000
Worcester	616	554	8,108	6,745	129,500	119,000
MASSACHUSETTS	5,428	4,292	66,980	56,017	150,000	134,000
<u>Condominiums</u>						
Barnstable	69	48	746	613	90,000	115,000
Berkshire	18	8	167	88	140,000	180,000
Bristol	64	110	957	762	105,650	83,430
Dukes	4	0	25	11	355,000	--
Essex	170	56	2,090	1,276	124,900	118,000
Franklin	4	3	60	46	129,900	98,900
Hampden	47	43	689	453	98,000	95,000
Hampshire	15	20	228	275	119,000	95,000
Middlesex	385	323	4,248	3,243	123,000	93,000
Nantucket	1	2	13	17	--	--
Norfolk	122	144	1,851	1,459	124,000	125,000
Plymouth	79	44	876	734	115,000	100,000
Suffolk	224	166	3,639	2,560	129,500	120,000
Worcester	96	103	1,225	901	104,700	95,000
MASSACHUSETTS	1,298	1,070	16,814	12,439	118,000	100,000

Notes: (1) Residential and Condominiums

(2) All homes except condominiums

Source: Banker and Tradesman, "Real Estate Trendlines Report," December, 1990.

Table 2
MASSACHUSETTS HOME SALES AND PRICES 1988, 1989, 1990

	Number of Sales			Median Sales Price		
<u>All Sales</u>	1988	1989	1990	1988	1989	1990
Barnstable	6,685	5,518	4,735	\$137,500	\$135,000	\$129,500
Berkshire	2,596	2,114	1,487	118,000	119,900	115,000
Bristol	8,132	6,792	5,471	130,000	130,000	125,000
Dukes	482	408	382	168,000	167,500	149,000
Essex	11,333	9,253	7,105	155,000	155,000	147,400
Franklin	1,145	954	703	110,000	112,000	105,000
Hampden	7,250	5,772	4,322	115,000	118,500	114,500
Hampshire	2,036	1,917	1,576	125,700	125,000	115,500
Middlesex	20,965	17,585	14,778	172,000	175,000	165,000
Nantucket	512	308	306	239,700	240,000	227,000
Norfolk	10,813	9,105	7,952	170,000	167,499	160,000
Plymouth	8,932	7,362	6,377	141,000	139,900	135,000
Suffolk	8,846	7,373	5,610	151,000	151,000	145,000
Worcester	11,696	9,333	7,646	130,000	130,000	124,000
<u>State</u>	101,429	83,794	68,456	147,000	147,000	140,000

Source: Banker and Tradesman, "Real Estate Trendlines Report:
1988-1990"

Table 3
RECENT EFFECTIVE* INTEREST RATES FOR HOME MORTGAGE LOANS
(in percentages)

	August 1990	Sept. 1990	Oct. 1990	Nov. 1990
Mass. All Loans	10.05	9.95	9.99	10.09
Mass. Fixed-Rate Loans	10.18	10.13	10.18	10.44
Boston CMSA Existing Homes	10.18	9.94	9.96	10.22
U.S. All Loans	10.01	9.98	9.96	9.77
U.S. Fixed-Rate Loans	10.33	10.33	10.37	10.39
U.S. New Homes	10.11	9.90	9.98	9.90
U.S. Existing Homes	9.98	10.00	9.96	9.97

* Note: Effective Interest Rates include points charged at closing, amortized over ten years.
Source: Federal Home Loan Bank, "First District Facts," December 31, 1990.

Table 4
EMPLOYMENT AND UNEMPLOYMENT
(numbers in thousands)

Massachusetts		Persons Employed	Persons Unemployed	Unemployment Rate (%)	New England	U.S.
October 1989		3,121	128	4.1	4.0	5.0
October 1990		3,116	186	6.0	5.4	5.4
November 1989		3,013	127	4.0	4.0	4.4
November 1990		2,903	205	6.6	6.1	4.9
December 1989		3,008	131	4.2	4.2	5.1
December 1990		2,897	218	7.0	6.8	5.9
January 1990		3,049	155	5.0	5.0	5.9
January 1991		2,798	278	9.0	n.a.	7.0

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Note: Rates are not seasonally adjusted.

Table 5
CONSUMER PRICE INDEX FOR BOSTON AREA
AND UNITED STATES

	CPI	Renter Costs	Homeowner Costs
<u>Boston Metro Area</u>			
November 1990	143.7	156.2	166.3
November 1989	134.3	152.9	162.8
November 1988	127.4	144.2	152.8
Percent Change 1989-1990	+7.0	+2.2	+2.1
January 1991	143.8	155.7	164.3
January 1990	136.0	152.0	161.6
January 1989	129.0	148.8	156.7
Percent Change 1990-1991	+5.7	+2.4	+1.6
Year 1990	138.9	154.7	164.0
Year 1989	131.3	150.0	159.1
Year 1988	124.2	139.8	148.8
Percent Change 1989-1990	+5.8	+3.1	+3.1
<u>United States</u>			
Year 1990	130.7	138.4	144.6
Year 1989	124.0	132.8	137.3
Year 1988	118.3	127.8	131.1
Percent Change 1989-1990	+5.4	+4.2	+5.3

Note: Non-seasonally adjusted cost indices, 1982-84=100, urban consumers. Renter Index is comprised of residential rents. Homeowner Index is equal to homeowner costs which include owners' equivalent to rent and household insurance. Boston CPI covers the Boston and Lawrence metropolitan areas.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Table 6
HOUSING STARTS
(numbers in thousands)

	Massachusetts	New England	U.S.
1990			
April	18.8	45.4	1,216
May	17.4	40.5	1,206
June	14.9	38.9	1,189
July	16.1	40.1	1,153
August	13.6	35.1	1,131
September	11.9	32.4	1,107
October	13.4	33.9	1,041
November	13.1	36.4	1,129

Notes: Seasonally adjusted, annualized estimates, as of November 30, 1990.

Source: Federal Home Loan Bank, "First District Facts."

Table 7
MASSACHUSETTS BUILDING PERMITS
(Housing Units)

	Total	Single Family	Two-Four Family	Multi- Family
August 1990	1,438	1,020	193	225
August 1989	1,618	1,091	190	337
September 1990	1,044	832	100	112
September 1989	1,613	1,039	169	405
October 1990	1,640	996	125	519
October 1989	1,674	1,077	134	463
November 1990	980	851	86	43
November 1989	1,503	1,017	191	295
December 1990	742	609	95	38
December 1989	1,135	739	162	234
Year 1990	15,138	11,136	1,667	2,335
Year 1989	18,764	12,108	2,157	4,499
Percent Change	-19.3	-8.0	-22.7	-48.1
<u>United States:</u>				
Year 1990	1,104,414	798,866	53,350	252,198
Year 1989	1,338,400	931,700	67,000	339,800
Percent Change	-17.5	-14.3	-20.4	-25.8

Source: U.S. Bureau of the Census, Current Construction Reports,
"New Privately Owned Housing Units Authorized in Permit-
issuing Places"

Not seasonally adjusted

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